6/589

Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

June 1989

CONSUMERS CONTINUE IN HIGH SPIRITS

The message from the American consumer continues to be "all is well." The Board's Confidence Index (1985 = 100) registered 117.8 in May, a marginal gain of one point for the month. The Index has held roughly at its present high level, with only minor fluctuations, over the past six months. In the context of the more than twenty-year history of the survey program, the present level of optimism is comfortably strong. Last month, as compared to the previous probe, people's assessment of ongoing conditions was slightly less positive, but their expectations for the immediate future were higher. Buying plans were again mixed.

In their appraisal of the prevailing business situation, slightly more consumers than last time report that it is "good." Also, despite the small rise in the unemployment rate, a sturdy 34.5% of respondents say that jobs are "plentiful," which is the same number as last time. Still, 20.8% report that jobs are "hard to get," up a point for the month.

People are more optimistic now than previously in their expectations for the next six months. Almost 21% believe that business conditions will be "better," compared with 17.3% earlier. But on the issue of employment, opinion is mixed. There was a good gain in the number of those that expect "more jobs" to become available—19% now, up from 15.4%. But there has also been an increase in those that fear the reverse—15%, up from 13 percent.

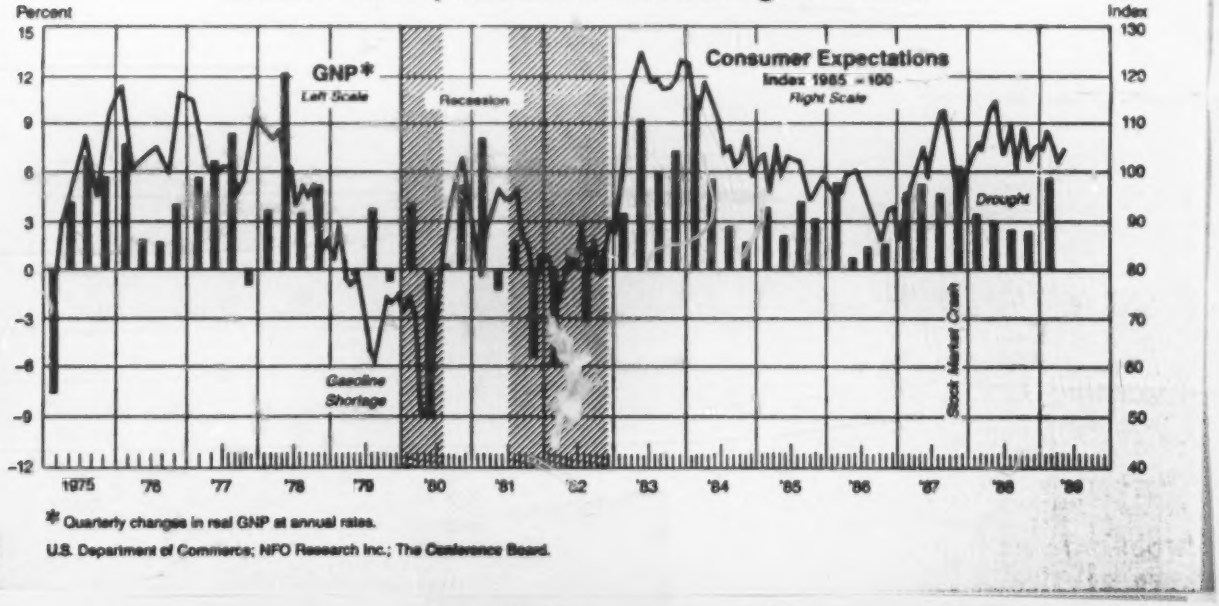
On the question concerning their own income expectations, responses are also ambivalent. Fractionally more people than earlier now expect their financial situation to improve over the next six months, but there was also a small rise in those that expressed the opposite view.

Plans to buy an automobile were indicated by 8.3% of respondents, a better reading than in the past ten months. Home buying plans, however, continue to be soft, dropping from 3.2% to 3.0% in May. This series has remained substantially unchanged since the beginning of the year. Interest in purchasing a major appliance was also down.

The fact that consumer confidence has remained strong, despite signs of a slowing economy, is reassuring. This lends credibility to the view of many observers of the business scene that we are moving into a "soft-landing" rather than recession. Consumers, who are evidently in the first instance wage-earners, are quick to sense oncoming recession. However, there is not the faintest signal in recent survey readings of serious troubles ahead.

Fabian Linden

Consumer Expectations and Changes in GNP



* Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

Business **Employment** **Income**

All series seasonally adjusted	1988 *May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	1989 *Jan.*	*Feb.*	*Mar.*	*Apr.(r)*	*May(p)*
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.4	115.8	120.7	117.4	116.6	117.8
Present Situation	129.0	126.3	128.2	135.1	126.7	128.3	129.1	140.1	133.4	139.2	136.2	138.9	137.9
Expectations	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6	104.1	108.3	104.9	101.8	104.4
Appraisal of Present Situation: Percent													
Business Conditions													
Good	31.6	27.4	28.4	32.2	28.2	28.3	30.2	32.5	29.1	30.6	28.4	28.9	30.1
Bad	18.4	19.7	19.1	17.2	19.2	17.1	17.6	15.5	18.2	16.9	16.1	16.4	16.6
Normal	50.0	52.9	52.5	50.6	52.6	54.6	52.2	52.0	52.7	52.5	55.5	54.7	53.3
Employment													
Jobs plentiful	30.8	31.1	31.3	32.3	29.9	29.8	29.9	33.7	33.0	34.3	32.8	34.5	34.5
Jobs not so plentiful	45.4	46.1	46.2	46.0	47.7	47.2	47.1	45.5	45.8	45.8	46.7	45.7	44.7
Jobs hard to get	23.8	22.8	22.5	21.7	22.4	23.0	23.0	20.8	21.2	19.9	20.5	19.8	20.8
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	22.0	20.4	19.7	21.4	18.3	21.1	18.6	19.6	17.7	20.9	17.9	17.3	20.9
Worse	5.3	6.7	9.6	7.3	9.8	7.0	8.4	7.5	7.7	7.3	8.0	8.8	8.6
Same	72.7	72.9	70.7	71.3	71.9	71.9	73.0	72.9	74.6	71.8	74.1	73.9	70.5
Employment													
More jobs	19.0	18.3	17.7	19.0	17.2	18.6	15.9	17.2	17.1	17.0	15.9	15.4	19.1
Fewer jobs	12.6	13.8	15.0	13.6	15.4	13.2	14.7	14.4	14.5	12.8	12.7	13.1	14.9
Same	68.4	67.9	67.3	67.4	67.4	68.2	69.4	68.4	68.4	70.2	71.4	71.5	66.0
Income													
Increase	29.0	26.3	26.0	27.4	24.8	26.8	27.3	27.8	25.6	26.3	25.2	25.8	26.3
Decrease	6.0	6.4	6.2	6.3	6.9	6.9	6.9	6.7	6.2	6.3	6.1	7.0	7.8
Same	65.0	67.3	65.8	66.3	68.3	66.3	65.8	65.5	68.2	67.4	68.7	67.2	65.9
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	9.4	8.9	8.9	7.5	7.8	7.3	7.3	7.4	7.3	7.9	7.1	7.3	8.3
New	4.9	5.0	4.6	4.2	4.1	3.7	3.4	3.3	3.5	3.8	4.0	4.0	3.9
Used	3.3	3.4	3.4	2.8	2.7	2.7	3.0	3.3	2.9	3.2	2.7	2.7	3.3
Uncertain	1.2	0.5	0.9	0.5	1.0	0.9	0.9	0.8	0.9	0.9	0.4	0.6	1.1
Home													
Yes	3.3	4.0	3.5	4.2	3.3	3.7	3.1	3.8	3.0	2.9	3.1	3.2	3.0
New	1.1	0.9	1.1	1.3	1.1	1.0	1.0	0.9	0.6	1.0	0.7	1.0	0.8
Lived in	1.3	2.1	1.5	2.0	1.5	1.6	1.5	1.9	1.2	1.2	1.5	1.5	1.3
Uncertain	0.9	1.0	0.9	0.9	0.7	1.1	0.6	1.0	1.2	0.7	0.9	0.7	0.9
Major appliances													
Total plans	35.8	30.3	30.1	34.3	30.3	26.5	27.9	28.9	28.0	26.2	28.4	31.6	26.5
Refrigerator	5.9	4.7	4.5	5.0	4.5	3.6	4.1	4.3	5.4	4.9	4.3	5.4	4.4
Washing machine	5.1	3.9	4.7	4.5	3.9	4.1	3.0	3.7	3.7	3.2	4.2	4.2	3.0
TV Set	8.6	7.5	6.1	8.0	7.2	6.4	6.5	7.5	5.7	5.8	6.4	7.0	6.4
Vacuum Cleaner	6.0	4.9	5.2	6.1	5.7	3.8	4.8	4.7	4.3	4.2	4.9	4.7	5.1
Range	3.1	3.1	3.2	2.7	2.8	3.1	2.7	2.8	3.0	2.6	2.5	3.5	2.7
Clothes dryer	4.9	3.8	3.8	4.3	3.4	3.2	3.2	3.3	3.0	2.5	4.0	3.8	2.5
Air conditioner	2.2	2.4	2.6	3.7	2.8	2.3	3.6	2.6	2.9	2.6	2.1	3.0	2.4
Carpet	8.7	7.6	7.1	7.7	8.2	6.2	6.6	6.6	6.8	5.4	6.3	6.7	6.7
Vacation Intended Within Six Months: Percent*													
Vacation Intended		48.5		51.6		49.1		48.5		45.3		46.8	
Destination													
U.S.		41.7		43.5		41.6		41.1		38.6		40.8	
Foreign country		9.3		10.1		8.7		8.8		8.1		8.4	
Means of travel													
Automobile		27.9		29.6		28.2		27.0		26.8		27.7	
Airplane		20.8		21.0		18.4		19.0		17.0		18.4	
Other		4.5		4.0		3.5		4.4		4.1		4.5	

(p)—preliminary (r)—revised

ATTENTION DATA USERS: Data in this publication are available online. For information, phone (212) 759-0900 Ext. 216.

Inflation **Interest Rates** **Stock Prices**

Not seasonally adjusted	1988 May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.	Feb.	Mar.	Apr.(r)	May(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.4	4.4	5.0	4.9	4.8	4.8	4.7	4.7	4.6	4.8	4.8	5.1	4.9
Interest Rates													
Higher	66.5	71.5	74.9	74.9	75.2	71.8	65.1	78.2	73.7	71.8	79.9	76.4	69.0
Same	23.6	20.0	22.1	16.2	17.0	18.6	23.1	14.4	18.4	18.8	13.6	14.8	17.8
Lower	9.9	8.5	10.6	8.9	7.8	9.6	11.8	7.4	7.9	9.4	6.5	8.8	13.2
Stock Prices													
Increase	39.3	39.8	40.3	39.2	38.5	40.6	39.3	39.7	42.3	44.9	39.5	39.9	43.0
Same	34.3	35.8	34.8	33.0	34.8	35.0	36.0	33.3	34.7	33.5	34.3	35.9	33.4
Decrease	26.4	24.4	24.9	27.8	26.7	24.4	24.7	27.0	23.0	21.6	26.2	24.2	23.6

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers: 1985 = 100	1988 May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.	Feb.	Mar.	Apr.(r)	May(p)	AVERAGE: Mar. Apr. May 1988	1989	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	153.9	149.8	153.9	150.0	139.7	150.9	144.1	140.7	135.5	149.5	144.2	138.5	130.7	155.2	137.8	-11.2
Present Situation	203.0	207.0	199.5	205.4	204.9	201.3	198.0	205.6	189.5	203.7	199.5	198.3	188.2	202.2	195.3	- 3.4
Expectations	121.2	111.7	123.6	113.0	96.2	117.3	108.2	97.5	99.5	113.4	107.3	98.7	92.3	123.8	99.4	-19.7
MIDDLE ATLANTIC																
Consumer Confidence Index	125.5	121.8	120.8	125.6	122.6	126.3	113.7	124.9	122.1	124.9	117.3	117.8	112.5	123.7	115.9	- 6.3
Present Situation	142.9	152.6	145.8	157.2	153.4	148.7	143.2	164.0	147.1	153.4	142.6	150.7	137.0	146.1	143.4	- 1.9
Expectations	108.1	101.3	104.1	104.6	102.1	111.3	94.1	98.8	105.4	105.8	100.4	95.9	96.2	108.7	97.5	-10.3
EAST NORTH CENTRAL																
Consumer Confidence Index	108.7	102.3	95.5	104.1	99.8	115.0	117.6	112.9	114.9	121.9	113.8	113.9	116.1	102.6	114.6	11.7
Present Situation	107.7	111.0	116.5	125.7	121.9	129.7	145.1	139.2	131.1	135.9	130.2	132.9	135.8	100.6	133.0	32.2
Expectations	109.4	96.6	81.5	89.8	85.0	105.2	99.3	95.5	104.2	112.6	102.9	101.2	103.0	104.0	102.4	- 1.6
WEST NORTH CENTRAL																
Consumer Confidence Index	88.4	91.4	76.0	70.7	86.3	97.5	88.6	93.4	98.9	100.3	102.2	89.4	83.6	91.7	91.7	0.0
Present Situation	93.8	97.6	91.3	74.6	96.6	99.4	97.4	103.9	106.1	91.6	99.9	101.0	96.3	82.0	99.1	20.8
Expectations	84.9	87.3	65.9	68.0	79.5	96.3	82.8	86.4	94.2	106.1	103.8	81.7	75.1	98.2	86.8	-11.5
SOUTH ATLANTIC																
Consumer Confidence Index	142.2	138.2	138.6	141.2	138.0	142.4	139.1	133.5	131.7	134.5	137.0	134.0	134.3	139.2	135.1	- 2.9
Present Situation	168.9	163.8	168.6	172.8	170.2	175.3	170.6	175.4	167.5	167.0	170.7	171.9	165.7	165.3	169.4	2.4
Expectations	124.5	121.2	118.8	120.2	116.6	120.5	118.2	105.8	107.8	112.9	114.6	108.8	113.4	121.8	112.3	- 7.8
EAST SOUTH CENTRAL																
Consumer Confidence Index	115.0	97.1	84.4	105.9	102.3	108.7	102.1	94.3	107.2	108.5	111.6	88.9	107.4	107.2	102.6	- 4.3
Present Situation	97.9	93.4	74.6	100.3	99.2	99.2	102.1	104.9	96.2	89.7	100.2	92.2	113.9	90.3	102.1	13.1
Expectations	126.5	99.6	91.0	109.7	104.4	115.1	102.2	87.2	114.6	121.1	119.2	86.7	103.0	118.5	103.0	-13.1
WEST SOUTH CENTRAL																
Consumer Confidence Index	77.9	78.5	80.5	80.1	74.8	83.8	67.3	79.7	84.6	83.8	77.0	82.6	82.4	74.3	80.7	8.6
Present Situation	34.6	30.8	30.1	31.0	29.3	42.4	27.4	34.5	30.1	35.2	30.3	38.8	48.9	25.7	39.3	52.7
Expectations	106.8	110.3	114.1	112.9	105.2	111.4	94.0	109.9	120.9	116.2	108.2	111.8	104.8	106.7	108.2	1.5
MOUNTAIN																
Consumer Confidence Index	94.4	85.4	80.3	92.8	76.9	92.4	91.8	106.1	76.5	86.7	100.6	92.6	85.2	92.2	92.8	0.7
Present Situation	79.2	69.2	61.9	77.0	70.0	81.1	66.5	90.9	50.0	43.7	80.4	77.3	70.0	71.5	75.9	6.1
Expectations	104.6	96.2	92.7	103.4	81.6	100.0	108.6	116.3	94.1	115.4	114.2	102.8	95.4	106.0	104.1	- 1.8
PACIFIC																
Consumer Confidence Index	125.5	127.0	126.7	134.0	124.6	127.7	133.7	133.7	128.2	138.2	130.0	131.3	135.3	123.9	132.2	6.7
Present Situation	149.1	153.9	161.5	161.7	160.1	156.9	169.4	170.7	157.5	164.0	157.6	165.5	175.6	145.0	166.2	14.6
Expectations	109.7	109.1	103.5	115.5	100.9	108.3	109.9	109.0	108.6	121.1	111.6	108.5	108.5	109.9	109.5	- 0.4

***Percent Change: Average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	*1988*								*1989*					*3 mos. Percent, Change**
	May	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*Mar.*	*Apr.(r)*	*May(p)*	
TOTAL U.S.														
Consumer Confidence Index	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.3	115.8	120.7	117.4	116.6	117.8	- 1.1
Present Situation	129.0	126.3	128.2	135.1	126.7	128.3	129.1	140.1	133.4	139.2	136.2	138.9	137.9	0.1
Expectations	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6	104.1	108.3	104.9	101.8	104.4	- 2.2
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	123.1	121.5	121.2	128.5	121.0	117.8	117.0	124.6	119.3	124.3	122.3	120.5	124.9	- 0.2
35-54	121.8	118.7	116.4	119.5	111.4	118.2	114.3	120.5	117.0	122.6	118.8	121.1	117.0	- 0.9
55 and over	113.8	104.7	102.2	110.4	99.1	112.4	106.2	112.8	109.1	113.6	109.5	106.9	112.3	- 2.0
Present Situation														
Under 35	129.9	130.1	134.5	147.0	138.2	125.9	128.9	143.5	133.5	143.6	138.1	144.3	135.0	- 0.8
35-54	130.3	129.9	130.5	133.8	127.2	128.2	130.8	143.5	134.8	139.1	137.5	143.6	142.9	1.6
55 and over	127.2	120.0	122.0	129.1	118.3	129.8	127.6	134.6	131.8	136.6	133.6	131.8	134.6	- 0.7
Expectations														
Under 35	118.7	115.7	112.4	116.1	109.7	112.5	109.0	112.3	109.7	111.4	111.7	104.6	118.2	0.3
35-54	116.2	111.2	107.0	109.9	100.8	111.6	103.3	105.3	105.1	111.3	106.3	106.2	99.7	- 2.9
55 and over	104.9	94.3	88.9	97.8	86.2	100.6	91.8	98.4	94.2	98.6	93.8	90.5	97.5	- 3.2
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	94.1	88.4	82.1	88.1	87.7	91.8	87.8	92.5	94.0	92.2	94.1	94.0	89.3	- 0.5
$15,000-24,999	112.8	102.7	104.8	115.3	102.2	108.5	115.2	115.9	105.2	120.6	107.6	114.3	114.8	- 1.5
$25,000 and over	135.4	132.0	130.9	135.3	123.7	131.9	124.2	131.7	129.6	134.5	131.4	128.2	132.0	- 1.1
Present Situation														
Under $15,000	88.5	83.2	83.3	84.0	89.6	89.9	91.7	95.0	90.0	88.2	94.8	99.4	89.7	4.0
$15,000-24,999	116.7	109.0	114.7	121.6	114.6	116.8	123.0	133.2	109.5	137.2	112.4	127.0	134.0	- 1.7
$25,000 and over	153.5	152.1	154.2	162.7	148.2	151.5	149.0	161.8	162.3	164.9	164.0	163.2	162.3	0.1
Expectations														
Under $15,000	97.9	92.1	81.5	91.0	86.8	93.3	95.2	91.3	96.1	93.8	92.9	90.2	89.1	- 3.2
$15,000-24,999	110.3	98.6	98.3	111.2	94.1	103.1	110.0	104.7	102.0	109.4	103.7	105.7	101.9	- 1.5
$25,000 and over	123.4	118.5	115.3	116.8	107.2	118.6	107.4	111.5	108.4	114.8	110.3	105.2	111.7	- 2.3

***Percent Change: Average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.**